

Alcohol and Tobacco Tax and Trade Bureau, Treasury

§ 40.161

bond in an appropriate amount with the same surety as that on the bond already in effect, unless a superseding bond is filed pursuant to § 40.136. Strengthening bonds will not be approved where any notation is made thereon which is intended, or which may be construed, as a release of any former bond, or as limiting the amount of either bond to less than its full amount.

(72 Stat. 1421; 26 U.S.C. 5711)

§ 40.136 Superseding bond.

A manufacturer of tobacco products shall immediately file a new bond to supersede his current bond when

(a) The corporate surety on the current bond becomes insolvent,

(b) The appropriate TTB officer approves a request from the surety on the current bond to terminate his liability under the bond,

(c) Payment of any liability under a bond is made by the surety thereon,

(d) The amount of the bond is no longer sufficient under the provisions of § 40.133 or § 40.134 and a strengthening bond has not been filed, or

(e) The appropriate TTB officer considers such a superseding bond necessary for the protection of the revenue.

Where a bond is not filed as required under the provisions of this section the manufacturer shall discontinue forthwith the operations to which such bond relates.

(72 Stat. 1421; 26 U.S.C. 5711)

§ 40.137 Extension of coverage of bond.

An extension of coverage of bond shall be manifested on Form 2105 by the manufacturer of tobacco products and by the surety on the bond with the same formality and proof of authority as required for the execution of the bond.

(72 Stat. 1421; 26 U.S.C. 5711)

§ 40.138 Approval of bond and extension of coverage of bond.

No person shall commence operations under any bond, nor extend his operations, until he receives from the appropriate TTB officer notice of his approval of the bond or of an appropriate

extension of coverage of the bond required under this part.

(72 Stat. 1421; 26 U.S.C. 5711)

§ 40.139 Termination of bond.

Any bond required by this part may be terminated by the appropriate TTB officer as to liability for future operations (a) pursuant to application by the surety as provided in the bond, (b) on approval of a superseding bond, or (c) when operations by the manufacturer are permanently discontinued in accordance with subpart J. After a bond is terminated the surety shall remain bound with respect to any liability for unpaid taxes, penalties, and interest, not in excess of the amount of the bond, incurred by the manufacturer prior to the termination date.

(72 Stat. 1421; 26 U.S.C. 5711)

[T.D. 6840, 30 FR 9311, July 27, 1965. Redesignated at 40 FR 16835, Apr. 15, 1975]

§ 40.140 Release of pledged securities.

Securities of the United States pledged and deposited as provided in § 40.132 shall be released only in accordance with the provisions of 31 CFR part 225. Such securities will not be released by the appropriate TTB officer until liability under the bond for which they were pledged has been terminated. When the appropriate TTB officer is satisfied that they may be released, he shall fix the date or dates on which a part or all of such securities may be released. At any time prior to the release of such securities, the appropriate TTB officer may extend the date of release for such additional length of time as he deems necessary.

(61 Stat. 650, 72 Stat. 1421; 31 U.S.C. 9301, 9303, 26 U.S.C. 5711)

Subpart H—Operations by Manufacturers of Tobacco Products

DETERMINATION AND PAYMENT OF TAXES ON TOBACCO PRODUCTS

§ 40.161 Determination of tax and method of payment.

Except for removals in bond and transfers in bond, as authorized by law, the taxes imposed on tobacco products